

Message Text

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14

ACTION ARA-10

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FM AMEMBASSY CARACAS

TO USDOC WASHDC

INFO SECSTATE WASHDC 5954

AMCONSUL MONTREAL

AMEMBASSY BONN

AMEMBASSY BRASILIA

AMEMBASSY OTTAWA

AMEMBASSY MADRID

AMEMBASSY ROME

AMEMBASSY PARIS

AMEMBASSY TOKYO

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PASS TO OED/MEPD AND OIM

E.O. 11652: N/A

TAGS: BENC, VE

SUBJECT: MAJOR PROJECT; RAILROAD

REF: CARACAS 14233

1. FURTHER TO REFTEL, DISCUSSIONS WITH ECONOMIC/COMMERCIAL OFFICERS OF EMBASSIES REPRESENTING PARTICIPATING CONSORTIA PROVIDED THE FOLLOWING ADDITIONAL INSIGHTS.

ALTHOUGH THE CANADIAN BID WAS LOWEST, IT WAS CONDITIONED ON THE CONTRACTUAL RELATIONSHIP BEING GOVERNMENT TO GOVERNMENT. THE MINUTES OF THE BID PRESENTATION SESSION MERELY NOTED THAT THE RAILROAD INSTITUTE WOULD TAKE THIS CONDITION UNDER CONSIDERATION. OPPOSITION CONGRESSMEN ARE DEMANDING AN INVESTIGATION OF NEWSPAPER REPORTS THAT DURING QUESTION TIME IN THE CANADIAN HOUSE OF COMMONS THERE WERE ALLEGATIONS OF A "PAY-OFF".

2. ONLY THREE CONSORTIA PRESENTED UNCONDITIONAL BIDS:

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SPAIN, THE SECOND LOWEST BIDDER; ITALY; AND THE

FEDERAL REPUBLIC OF GERMANY, THE HIGHEST BIDDER.

3. THE FRENCH BID WAS REJECTED BECAUSE THE LOCAL PARTNER, PRECOMPRIMIDOS, AT THE LAST MINUTE FAILED TO PUT UP HIS SHARE OF THE BID BOND. THE FRENCH EMBASSY HOPES NONETHELESS TO REENTER THE NEGOTIATION PROCESS IF THE BID IS VACATED. THE JAPANESE CONSORTIUM BOWED OUT BECAUSE THE CONSORTIUM PARTNERS COULD NOT AGREE ON A RISK-SHARING FORMULA.

4. THE GENERAL CONSENSUS AMONGST OUR COLLEAGUES WAS THAT THE LICITATION WOULD NOT REPEAT NOT BE DECLARED NULL AND VOID AND THAT THERE WAS LITTLE LIKELIHOOD OF A NEGOTIATED BID. REPRESENTATIVES FROM MORRISON-KNUDSEN AND SWINDELL-DRESSLER IN CONTRAST HAVE INDICATED TO EMBOFFS THAT THEY STILL RETAIN SOME HOPES THAT THIS MAY OCCUR. HOWEVER, IN LIGHT OF MORRISON-KNUDSEN'S LOW BID ON THE GURI DAM PROJECT, ONE ASSUME THIS WOULD NOT BE PARTICULARLY HELPFUL TO PULLMAN-STANDARD.
VAKY

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